



Remarks Prepared for Delivery for

The Honorable Jovita Carranza
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U.S. Small Business Administration

Delivered at the

Laredo Small Business Roundtable

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Introduction

- Thank you, Congressman Cuellar, for that nice introduction.
- Words cannot fully express my deep appreciation for his leadership on Capitol Hill and here in Texas as a tireless advocate for small business and for my agency, the Small Business Administration. And even as my tenure will be ending January 20 with the transition to a new Administration, I know that the Congressman's commitment to SBA will continue.
- Buenos días a todos. Es un placer estar aquí con ustedes. [Good morning, everyone, it's a pleasure to be here with you.]
- I'm delighted to be in Laredo, a vital center of international trade and the largest inland port in the United States. I'm told that more than 47% of U.S. trade headed for Mexico, and 36% of Mexican trade headed for the U.S., crosses through this city-port.
- So it's obvious why we are here today – because of the strategic role that Laredo plays in our national

economy, in international trade, and in the small business community.

- Given that Tuesday was Veterans Day, can I see a show of hands of those veterans who own a small business or firm? We want to acknowledge your service to our country, but also introduce you to our Interim Director for Veterans Business Outreach for this area, Mark Winchester, who is also here today. Mark also serves as the Procurement Technical Assistance representative for this area.

The Economic Situation

- Before I offer my formal remarks, I would like to offer some observations about what is weighing heavy on our minds and hearts: the disruptions in the financial and credit markets.
- I realize that the instability of the financial markets creates a lot of uncertainty and anxiety out there, especially in the small business community.
- But I am pleased to report today that President Bush and his team (including the SBA) – are using every tool available to:

- bring resolution to the crisis;
 - restore stability to our markets;
 - unclog the pipes of our credit system; and
 - restore confidence in our economy.
- Keep in mind that President's efforts to get the economy back on track will not work overnight. But as they work their way through the financial system, we *will* see results.
- I personally remain bullish about the prospects for economic recovery. I am hopeful because I have seen this great nation tackle and overcome all sorts of more difficult challenges in the past. From the Y-2-K scare, to the bursting of the dot-com bubble, to the 9-11 terror attacks, to corporate scandals, and large natural disasters, we've proven that we can take a hit and keep on growing – it's one of our unique strengths as Americans.

Small Business in America – SBA's Response

- While the financial crisis troubles many of us, let's not lose sight of the bigger picture – what it will take to help our economy recover.

- If we as a nation are going to get through this economic crisis, we know that small business will play a part. After all, small businesses, like those represented here today:
 - Employ half of the private sector workforce and create more than two-thirds of net new jobs;
 - Account for half of the non-farm GDP;
 - Are major drivers of innovation;
 - Account for about 30% of our exports;
 - Are agents of transformation in many disadvantaged communities; and
 - Offer a path to a better life for millions of Americans.
- However, we know that small businesses have been hit hard by the credit crunch. Banks have been tightening their credit standards and some are withholding credit completely.

- In fact, we are seeing at a significant decline in our SBA loan portfolio. The number of loans we made through our lending partners declined 50% in September relative to a year ago; in October, the decline was 52%.
- This is why we are also doing everything at SBA to encourage more small businesses to take advantage of all we have to offer so that they can weather the storm.
- Other actions we has taken, include:
 - The accelerated launch of Rural and Small Lender Advantage Program, which targets smaller financial institutions – like community banks – and institutions. By reducing the paperwork for both borrower and lender, we can get banks up and running in the program in less than a month.
 - Reminding our lending partners that they have the authority to defer SBA guaranteed loan payments up to three months.

- We are also working to encourage more banks and small business to participate in our loans programs, pointing out that SBA's interest rates have fallen with the prime rate – now about 50% less than a year ago.
- And we are not just working with our banking partners. We are staying in touch with the unique needs of small business owners. Our Acting Administrator, Sandy Baruah, other senior SBA officials, and I are keeping the lines of communication open with small business groups all across the country to learn what you are facing in today's economic environment.
- We continue to offer small businesses a wealth of business counseling, expertise, and training opportunities. That's why representatives from both our resources partners and our district office are here, including San Antonio District Director Pam Sapia, SBDC panelist Albert Salgado, the SBA Procurement Center Representative Fred Laguanas as well as their colleagues in the audience.

International Trade

- Now in the larger scheme of things, we believe that any economic recovery will require the expansion of international trade and the adopting of free-trade agreements.
- This is why our Acting Administrator, Sandy Baruah, is speaking next week in Washington at the International Trade Symposium to highlight the imperatives of pending free-trade agreements that will mean so much to small businesses.
- For example, Colombia has access to U.S. markets – 91% of its goods enter here duty free. But U.S. products face tariffs of up to 35%.
- Passing the free trade agreement would open the Columbian market for American businesses, especially for small businesses here in Laredo and the surrounding community.
- According to the *L.A. Times*, if the Columbia Free Trade Agreement is enacted by Congress the current 9,000 small businesses that currently export to Columbia will soar.

Federal Contracting

- If I can address one final matter that is important to many small businesses here in Laredo, the SBA continues to make maximizing federal contracting opportunities for small business owners a priority.
 - That is why we have increased the number and provided enhanced training of Procurement Center Reps like Fred, who advocate for you so that the federal government gets closer to its target of awarding 23% of all federal contracts to small businesses.
 - This is why we recently named Linda Oliver, who is here with me today, the Acting Associate Administrator for Government Contracting and Business Development at SBA. With 20 years of government contracting experience under her belt – and being detailed to us from DOD, an agency that is responsible for two-thirds of federal contracts – we think Linda is an excellent choice for this post.

- And this is why we have a government-wide procurement scorecard that tells the public (and small businesses) which agencies have (or have not) reached their procurement goals.
- Even though not every federal agency reaches their respective goals every year, last year small businesses nonetheless received nearly \$83 billion in prime federal contracts and almost \$65 billion in subcontracts. And we saw substantial progress in the subcategories of small businesses. For example,
 - Among women-owned businesses, we saw an increase of \$1.5 billion increase;
 - Among service-disabled veteran owned small businesses, we saw an increase in \$1 Billion; and
 - Among Small Disadvantaged Small Businesses, we saw an overall increase of \$2 Billion.
- These numbers are not only encouraging; they also reveal the wealth of opportunities that are standing at the front door of small business owners.

- To take advantage of these opportunities, small businesses must be ready to perform on government contracts and proactively pursue them.
 - To help interested businesses, SBA has a helpful assessment tool to help a business gauge their readiness to compete for federal contracts.
 - And we encourage small businesses to register in the Central Contracting Registry (CCR) while offering training and counseling that will help them secure those government contracts.

Conclusion

- You can see why I'm so proud of the many ways the SBA helps small businesses and why I remain optimistic about the promise of America, the promise of international trade, and the promise of small business.
- As we work our way through this rough patch economically, SBA will work even harder to help small businesses succeed.

- After all, what we are facing is an economic slowdown, not a shutdown. We're here and open for small business.
- We're here because we value the role that small business plays in America, a role that is critical now more than ever. As my boss, President George W. Bush recently stated:

"If you own something, you have a vital stake in the future of our country. The more ownership there is in America, the more vitality there is in America, and the more people have a vital stake in the future of this country."

- Thank you again for coming today. I wish you all the best in your endeavors.